

## Boucher Internet Governance BusinessWeek Op-Ed (June 19, 2006)

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Viewpoint

Internet Oversight: A Crucial Test

A pending agreement with VeriSign is anticompetitive and bad for consumers-and could feed foreign opposition to U.S. control of the Net

When the World Summit on the Information Society in Tunis concluded last November, the U.S. departed with a diplomatic coup. The U.S. government convinced Internet policymakers from a range of skeptical-and in some cases, hostile-nations that the arm's-length policy of U.S. oversight in a key area of Internet governance is working and is independent of other U.S. policy formulation.

The upshot was that the U.S. escaped, for now, an international showdown over control of the Internet. The U.N. conference was persuaded that the limited U.S. role in overseeing the Internet Corporation for Assigned Names & Numbers (ICANN) is not only effective but also far preferable to hands-on control by countries with repressive Internet governance policies.

One key to our success at Tunis was the realization that while the U.S. oversight role is highly limited, it is a meaningful way to ensure that principles of competition, enforced if necessary by the U.S. government, will assure that the price of Internet domain-name registrations remains market-based.

In coming weeks the viability of this arrangement faces a new test: a proposal to settle litigation between ICANN and VeriSign (VRSN), the company that operates the .com domain-name registry. How well we handle that test may determine the level of trust the international community accords to the U.S. role in Internet governance in the future.

**STOP THE MONOPOLY.** The pending deal, narrowly approved by ICANN's board in February, raises far-reaching anticompetitive concerns. The proposal would hand control of the .com registry to one company, VeriSign, without any reasonable opportunity for rebidding the contract in the future and without effective limits on the maximum prices charged for .com registrations. These concerns are all the more alarming because .com makes up about 75% of domain-name registrations in the U.S. and a significant percentage globally.

How will Internet users fare without competition? The proposal would let VeriSign raise .com registration fees by 7% in most years without cost justification, meaning .com registry fees would increase as much as 31% over the next six years (see BusinessWeek.com, 6/12/06, "Will Your Web Site's Name Cost More?"). Moreover, the proposed settlement would result in perpetual renewal of the VeriSign contract without future opportunities for rebidding.

Allowing market competition instead of guaranteeing a monopoly would not only lead to a reduction in the fees charged consumers but also would promote infrastructure investment, including security enhancements. Indeed, VeriSign itself last year committed to infrastructure upgrades while agreeing to reduce fees by more than 40% to win an extension of its contract to operate the .net domain-name registry.

**REPUTATION AT RISK.** The U.S. Commerce Dept., which created ICANN in 1998, has the last word on whether this troublesome settlement agreement moves forward. But to make this limited oversight meaningful, the Commerce Dept. must do more than rubber-stamp a proposed pact that has sparked criticism from every corner of the Internet community.

The stakes are high. No final decisions were made at the Tunis summit, which left unresolved questions over potential Internet governance changes in general, and the role of the U.S. in overseeing ICANN in particular. These policy issues remain in play as part of the ongoing follow-up work of the Tunis summit, which created an Internet Governance Forum.

Both the Commerce Dept. and ICANN are obligated to promote competition, consumer choice, and innovation. The proposed .com agreement would thwart these basic objectives. The .com agreement provides an opportunity for the U.S. government to show-through leadership and informed analysis-that the limited oversight of the Commerce Dept. over ICANN remains both relevant and necessary. The world is watching.

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